

# The Treasury

## Budget 2024 Information Release

### September 2024

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- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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# Budget 2024 Initial Baseline Exercise

## Guidance for Agencies

December 2023

### **Handling BUDGET-SENSITIVE information**

All agencies should have their own internal policies and processes in place for the handling, storage, and sharing of BUDGET-SENSITIVE information. Agencies are responsible for ensuring that their internal policies and procedures are complied with. Particular care should be taken when sharing information on Budget initiatives externally.

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## Purpose

This guidance provides an overview of the Budget 2024 process and contains a step-by-step guide on how to complete and submit Budget initiatives that have fiscal implications.

The Treasury will also run information sessions during the development of submissions. If you have queries or need further guidance, please contact your Vote Analyst.

## Resources

In addition to this guidance, the following templates are available as related files on CFISnet:

- Annex 1: Initial Baseline Exercise summary template (all agencies)
- Annex 2: Savings template for each individual baseline reduction initiative (all agencies)
- Annex 3: Cost Pressure template for each individual cost pressure initiative (invited agencies)
- Annex 4: New Spending template for each individual savings initiative (invited agencies)
- Template for Ministerial Submission Letter

The following template will be made available in CFISnet's document sharing facility for invited agencies in January:

- Annex 5: Capital Pipeline Review Summary Excel (invited agencies)

Additional resources can also be found here:

- the Treasury's CBAX tool can be found [here](#)
- the strategic assessment tool for capital investments can be found [here](#)
- Asset Management guidance can be found [here](#)

# Budget 2024 Overview

## Budget 2024 Priorities

As noted at Cabinet on 11 December, delivering on the Government's policy commitments in the current fiscal and economic environment will be challenging and will require a strong focus on fiscal discipline. Cabinet has therefore agreed to the following priorities for Budget 2024:

- **addressing the rising cost of living:** deliver meaningful tax relief to working New Zealanders through changes to the tax system and cancellations of existing and planned taxes;
- **delivering effective and fiscally sustainable public services:** introduce measures to improve value for money by focussing on results (in particular, in the areas of health, education, and law and order), and responsibly manage public finances; and
- **building for growth and enabling private enterprise:** deliver more housing, infrastructure and renewable energy through carefully prioritised investment, regulatory change that creates the conditions for investment, and developing a long-term pipeline of investments, and improve regulatory settings to encourage skills growth, innovation, and competition, and to attract investment and boost exports.

Cabinet also agreed to a fiscal sustainability programme focused on three interrelated objectives:

- generating sufficient reprioritisation, savings, and revenue measures to fund the Government's priorities and deliver enduring improvements in the OBEGAL position, beginning at Budget 2024;
- strengthening the public finance system to tighten fiscal discipline and embed a culture of continuously improving value for money; and
- ensuring collective ownership and accountability for the fiscal position and value for money at all levels of government.

## Budget 2024 Initial Baseline Exercise

Phase One of this programme will involve an **Initial Baseline Exercise (IBE)**, which forms the basis of Budget 2024. The IBE aims to provide Ministers with oversight of the activities and expenditure of their Votes and agencies to allow them to submit Budget 2024 proposals that are aligned with the fiscal context and the Government's objectives. The IBE comprises the following processes across operating and capital expenditure:

1. **Operating:** This is a targeted and directive process with a focus on ensuring Government spending represents value for money. Agencies are required to review their baseline expenditure to identify where savings can be made, and some agencies must identify further savings options.
2. **Capital:** Cabinet has agreed to conduct a review of the capital investment pipeline in order to build a more stable pipeline that is better aligned to Government's priorities, better matches market, agency and fiscal capacity and has a strong focus on delivery and value for money. **Select agencies are required to provide information to support the capital pipeline review, for which invitations will be issued in January.** Investments within scope are those as defined in Cabinet Office Circular CO 23 (9).

3. **New spending and cost pressures across operating and capital expenditure:** only a select number of new spending and cost pressure initiatives have been invited for submission.

Letters outlining the Budget 2024 strategy, savings targets and any limited invitations have been issued to Ministers<sup>1</sup> (with Chief Executives Cc'd). **IBE summaries and individual initiative templates will be due in CFISNet 1pm Friday 16 February**, as outlined:

Section	Breakdown	Initiative-Level Template
<b>Savings</b>	Baseline reduction	Annex 2: Budget 2024 Savings Template
	Targeted policy savings	
	Investments in Capital Pipeline review	
<b>New Spending (invitation only)</b>	Government Policy Commitments (including any capital investments)	Annex 4: Budget 2024 New Spending Template
<b>Cost Pressures (invitation only)</b>	Cost pressures	Annex 3: Budget 2024 Cost Pressures Template
	Cost escalations (not invited, must be offset by savings elsewhere in the agency's capital programme)	

**Given constrained allowances, additional funding for invited cost pressures or new initiatives is likely to be the exception (rather than the rule). Agencies should also be prepared that savings will be returned to the Crown (rather than to agencies for reprioritisation), and therefore will need to manage within their remaining baselines. Funding for any capital cost escalations or delivery of existing priority projects is expected to be met through reprioritisation of existing capital funding.**

While in previous years formal Treasury assessment processes have been undertaken following agency submission, **the Minister of Finance has asked the Treasury to run an assurance process (focussed on savings) to ensure agreed baseline reductions are delivered.** Following initial engagements with an Assurance Panel (comprising of PSC, DPMC, and Treasury) in early-mid January, some agencies may be identified as requiring further support as part of a focus track (more detail from page 12). **All agencies will be required to submit an overview of expected savings proposals to the assurance panel by 1pm Wednesday 31 January.**

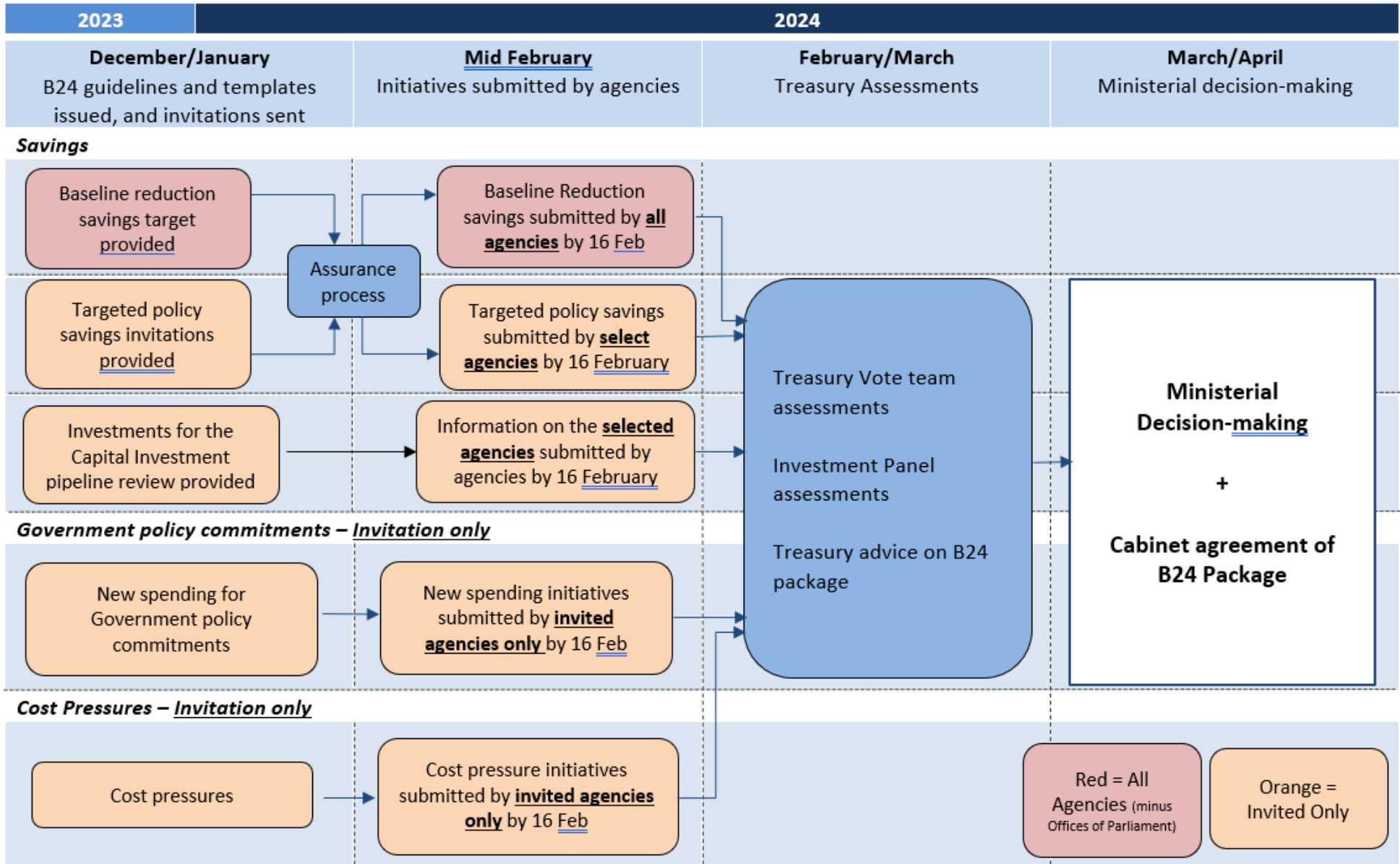
Savings targets have been set at agency level but capture all departmental funding and non-departmental funding made through agencies to Crown entities, state-owned enterprises and other third parties for operational activities. **Savings targets are inclusive of the previous 1-2% baseline reduction** (more detail from page 15). It is ultimately for Ministers and agencies to identify viable savings options across organisations; however, the Treasury and other Central Agencies will look to support this as part of the assurance process.

We acknowledge that undertaking a savings process that captures both departmental and non-departmental spending will require tough choices across agencies. Agencies should continue to engage closely with their Vote teams, who can also follow up within Treasury on queries and advice to support your IBE development.

<sup>1</sup> Where the guidance refers to "Minister", it refers to the lead Minister responsible for associated agencies and public organisations.



## Outline of Budget 2024 Initial Baseline Exercise



## Beyond Budget 2024

Budget 2024 is not a one-off tightening of Government expenditure, but rather the first step across a series of Budgets to embed principles of fiscal sustainability and a focus on value-for-money. It is important that agencies consider their Budget 2024 submissions in this context, and utilise this Budget as a tool to help set their long-term fiscal pathway.

From mid to late-2024, all agencies will be required to work with their responsible Minister to develop and maintain savings and performance plans. This will provide a medium-term perspective of agency strategy, priority, allocation, and delivery, and ongoing monitoring of agreed savings. These plans are intended to inform future Budgets beyond Budget 2024; there will be further, separate information and commissioning will be provided following Budget 2024 decisions in April 2024.

The Capital Pipeline Review is also an exercise that will continue beyond Budget 2024 to build a sustainable and deliverable pipeline of investments. The initial focus through Budget 2024 is on funded investments which are easier to stop, defer, rephase or rescope and to provide Budget Ministers with opportunities to generate savings. Following Budget 2024, investments in planning (which are yet to be considered for funding) will be reviewed quarterly through the Cabinet investment reporting process.

# Submission Requirements and Deadlines

**Initial Baseline Exercise and initiative submissions are due in CFISnet by 1pm Friday 16 February 2024.**

Further guidance on how to upload documents to CFISnet is provided via the separate *Guidance to Uploading Initiatives to CFISnet for Budget 2024*.

Agencies must complete individual initiative templates for each component (Annexes 2-4), as well as Annex 1: Initial Baseline Exercise Summary Template, which brings together information from these components and provides an opportunity to set out how agencies are planning to manage within smaller baselines. Please note:

- Agencies may only submit new spending or cost pressure funding initiatives that have been specifically invited. **Spending proposals that were not invited by the Minister of Finance must not be submitted and will not be considered.**
- **Invitations for the capital pipeline review have not yet been issued. Departments will be informed if their capital programmes or individual investments are included within the review in January and whether they are considered a capital intensive or non-capital intensive agency.** This guidance sets out the process agencies will need to follow to submit their capital pipeline review component of Budget 2024 IBE returns on 1pm Friday 16 February.
- The Budget 2024 templates supersede the Baseline Savings Templates and Guidance (for the 1-2% eligible baseline savings agreed in August 2023) issued in October.
- Agencies must use the correct template for each submission as outlined below, as information requirements vary on the template.
- **An invitation does not indicate the initiative will be funded** – Budget 2024 will involve significant trade-offs within and between agencies.
- Please ensure all submitted initiatives comply with the titles and descriptions guidance attached at Annex A (page 33), are clearly and simply written, not including unexplained acronyms or jargon.

## Summary of template requirements

In Budget 2024, there are five different templates for submission:

IBE Templates	Operating	Capital
Annex 1: Budget 2024 Initial Baseline Exercise Summary Template <b>(to be submitted alongside Ministerial submission letter)</b>	Required for <b>all Votes*</b> Includes departmental and non-departmental expenditure. It covers how an agency is undertaking planning for managing cost pressures and cost escalations within reduced baselines, and associated service delivery risks	

IBE Templates	Operating	Capital
Annex 2: Budget 2024 Savings Template	Baseline reduction: Agencies must submit savings proposals that reach the operating savings target set out in the Minister of Finance's letter to the Portfolio Minister (see Section 4 for savings rules and guidance).	<b>Invited</b> Capital Pipeline Review initiatives should be submitted. Agencies can volunteer uninvited initiatives if meeting cost escalations. Strategic assessments and business cases should be attached.
	Targeted policy savings for select agencies (additional to baseline reduction).	
Annex 3: Budget 2024 Cost Pressures Template	<b>Only invited</b> cost pressures should be submitted.	Only cost escalations that are offset by savings elsewhere in the agency's capital programme, including completion of Section 6 of the template.
Annex 4: Budget 2024 New Spending Template	<b>Only invited</b> Government policy commitments should be submitted.	<b>Only invited</b> Government policy commitments (significant capital investments), including completion of Section 6 of the template.  Agencies should also submit business cases if available.
Annex 5: Proposed capital pipeline (by invitation only)	For completion by invited capital intensive agencies ( <i>note this will be made available to invited agencies in January</i> )	

\*excludes Offices of Parliament

The Climate Emergency Response Fund (CERF) has been paused, with no expenditure at Budget 2024. However, climate considerations remain key to all Budget tracks, and agencies must outline the climate impacts of any savings, new spending or cost pressure initiatives. Existing CERF initiatives can also be offered as savings options.

## Budget Timeline

Please see below timeframes for the Budget 2024 process. Rows in bold are deadlines for agencies. **Initial Baseline Exercise submissions are due in CFISnet by 1pm Friday 16 February 2024.**

Date	Milestone
December 2023	Invitation letters communicating savings targets, and inviting cost pressure and new spending initiatives sent to portfolio Ministers
	Budget 2024 templates and guidance issued

December - Mid February 2024	Required ongoing engagement with Treasury on draft initial baseline submissions through the assurance process  Treasury to provide progress update to Budget Ministers ahead of final submissions
<b>1pm Wednesday 31 January 2024</b>	<b>Savings overview due to assurance panel</b>
<b>1pm Friday 16 February 2024</b>	<b>Budget 2024 Initial Baseline Exercise submissions due</b>
Mid-February 2024	Treasury assessment of Budget 2024 Initial Baseline Exercise submissions
Late February – April 2024	Budget 2024 package development (including bilateral meetings and Budget Ministers meetings)
April 2024	Financial recommendations for Budget 2024 package  Cabinet agrees Budget 2024 package
April-May 2024	Production phase
Late May	Budget Day

# Assurance Process and Updates to Ministers during Initiative Development

The Treasury will run an assurance process leading up to agency's final submissions on Friday 16 February 2024.

The key objective of the assurance process is to ensure that the Minister of Finance has oversight of agency preparedness in developing savings proposals and highlight where additional focus may be required. The assurance process will do this by engaging with agencies early in the Initial Baseline Exercise process to see how they are tracking, assessing where further support may be required, and regularly reporting to the Minister of Finance.

The assurance process does not replace Vote team assessment of the savings initiatives, which occurs after submissions. As with previous Budget processes, departments are expected to engage with their relevant Vote teams on their proposed initiatives/savings ahead of submission to ensure that they align with the parameters of exercise. Departments are also responsible for ensuring their minister(s) are engaged in the savings initiatives.

To give effect to the assurance process, an Assurance Panel consisting of PSC, DPMC and the Treasury, has been established. Two key assurance engagements are planned between the Assurance Panel and agencies during the Initial Baseline Exercise:

## 1) Initial engagement - Week of 8 January

- The Assurance Panel will meet with each department's CE (or delegate). The purpose of this meeting is to get an overview of agency preparedness and identify where greater focus may be required to ensure agreed reductions are submitted by 16 February. The meeting is anticipated to be brief and relatively informal. No additional material needs to be prepared for this meeting.
- The Assurance Panel will report to the Minister of Finance on the progress and themes, and any areas of concern based on their engagement with the CEs.
- The Assurance Panel may identify departments that may need more intensive support as part of a focus track. The further engagement and support provided to these agencies will depend on any risks and requirements surfaced during the initial engagement.
- CEs have been advised of these initial engagements.

## 2) Second engagement - late January, early February

- Early in the week beginning **29 January**, agencies will be asked to provide an overview of their expected savings to the Panel. This information is to inform a report to the Minister of Finance on progress towards savings in aggregate and where escalation of issues may be useful or necessary prior to submissions being received.
- This savings information will draw on that already requested to be provided for 16 February; for example, the total amount of savings identified to date, the profile for those savings and mix of departmental and non-departmental savings. Further communications early in the New Year will set out this information request in more detail.

- The Panel will schedule another engagement with those agencies where further insights are necessary to understand if issues need escalating or further action needed prior to 16 February.

# Savings

## Overview

Delivering on the Government’s policy commitments in the current fiscal and economic environment will be challenging and will require a strong focus on fiscal discipline. Therefore, as part of the Budget 2024 Strategy, Cabinet has agreed to:

- Ministers submitting initiatives to meet a baseline reduction target as clearly set out in the letter to portfolio Ministers from the Minister of Finance as:
  - 6.5% for most agencies; and
  - 7.5% for agencies with over 50% FTE growth since 2017/18.
- Some agencies providing additional further targeted policy savings for Budget Ministers to consider at Budget 2024.

**Baseline reduction targets are inclusive of the previous 1% or 2% eligible baseline savings agreed in August 2023.**

These savings initiatives should be submitted via Annex 2: Savings templates.

## Baseline Reduction Targets

### *Methodology to calculate baseline reduction targets*

A base of ‘eligible expenditure’ was calculated for each agency’s baseline reduction target. This took an average yearly total of forecast appropriations (2024/25 to 2027/28), then made specific exclusions for expenditure areas that were considered non-discretionary:

The <b>required savings</b> are based on departmental and non-departmental baseline spending across:	...but excludes:
<ul style="list-style-type: none"> <li>• all Public Service departments</li> <li>• the non-Public Service departments which serve the executive (the Police and the New Zealand Defence Force) and the legislative (Parliamentary Service, Parliamentary Counsel Office and Office of the Clerk of the House of Representatives)</li> <li>• all funding made through those departments to Crown entities, other Crown-owned companies (and third parties) for operational activity</li> </ul>	<ul style="list-style-type: none"> <li>• Offices of Parliament:               <ul style="list-style-type: none"> <li>○ Auditor General</li> <li>○ Ombudsman</li> <li>○ Parliamentary Commissioner for the Environment</li> </ul> </li> <li>• Benefits or Related Expenses</li> <li>• Departmental Third Party Revenue</li> <li>• Departmental revenue from other departments/State Owned Enterprises/Crown entities</li> <li>• All capital expenditure (Departmental and Non-Departmental)</li> <li>• Finance Costs</li> <li>• Permanent Legislative Authorities</li> <li>• Depreciation and Amortisation</li> <li>• Capital Charge</li> <li>• Department specific:</li> </ul>



	<ul style="list-style-type: none"> <li>○ Non-departmental Health</li> <li>○ Non-departmental Education</li> <li>○ Non-departmental Whaikaha – Ministry of Disabled People</li> <li>● Employer Super tax</li> <li>● Departments specific exclusions</li> </ul>
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Departmental and non-departmental spending is in scope, as well as Crown Entities. Portfolio Ministers are expected to support monitoring departments to work with their statutory Crown entities, Crown entity companies, Schedule 4A Companies and SOEs to develop savings proposals for the appropriations that fund these entities. Savings proposals do not need to be put forward from every organisation that a department monitors.

These Crown entities and companies will be aware of the Government’s fiscal strategy and will be encouraged to meet with their responsible Minister and monitoring department to discuss how they can support fiscal sustainability.

Several further agency-specific exclusions were made in areas that were deemed unsuitable for savings measures and that met a certain materiality threshold. Each agency will be communicated the methodology that was used to calculate their required baseline reduction target via their Vote teams following the release of this guidance.

**Although exclusions were made when calculating agencies’ baseline reduction target, agencies can submit savings from any operating-related appropriation as long as they meet the overarching principle and rules.**

Agencies’ eligible base have been adjusted for Mini Budget decisions where appropriate. We do not expect future decisions to implement the Coalition agreements<sup>[1]</sup> to materially reduce the size of agencies’ eligible base. Therefore, these future decisions have not been accounted for when calculating agencies’ baseline reduction targets. To the extent that subsequent decisions to implement Coalition agreements do materially reduce the base, this can be factored into Ministerial decision making at Budget 2024.

If agencies have concerns with how the methodology is applied, this can be raised with Vote teams and set out in the ‘Risks’ section of the summary template. These will then be assessed by the Treasury and highlighted to Ministers through Budget 2024 if required.

Savings proposals should also be ranked in order of preference and level of risk/return in the summary template – this will inform Budget Ministers decisions but does not guarantee savings would be taken in line with this order of preference.

***Scope of savings options***

Agencies have flexibility to determine the most appropriate savings options (including areas of expenditure that were not included in the calculation of the eligible base). However, in her letter the Minister of Finance has outlined her expectation that Ministers will focus on the following:

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<sup>[1]</sup> For the avoidance of doubt, this includes those parts of the National Party Tax Plan, Fiscal Plan, 100 day plan and 100 point economic plan endorsed by the Coalition agreements – see paragraph 10 of the National/NZ First agreement and paragraph 14 of the National/Act agreement.

- **Low value programmes.** Ministers and agencies should consider the effectiveness of current services and programmes, and where they are misaligned with the original intent and/or not achieving outcomes especially relative to the investment required. For those programmes that have limited or diminishing effectiveness, Ministers and agencies should be identifying options for stopping or reducing activity, and if they are required by current legislation, Ministers should consider whether legislative change could realise savings.
- **Spending that is not aligned with the Coalition Government’s priorities.** Where there are programmes that were a priority for the previous Government, Ministers should work with their agencies to determine their alignment with Government’s priorities. Programmes that are not aligned should be part of your Minister’s savings options, and if they are required by current legislation, consider whether legislative amendment could realise savings.
- **Non-essential back-office functions,** especially functions within the core department and then in functions that are funded through non-departmental expenditure. The public sector has seen considerable growth in expenditure and FTEs in recent years. The Minister of Finance expects her colleagues to challenge agencies on the operating model required to deliver services and the mix of staff necessary to execute corporate functions.
- **Contractor and consultant spending.** Ministers are expected to scrutinise spending that requires a significant and expensive external workforce to progress.

The Minister of Finance also expects that Chief Executives will provide opportunities for staff to suggest savings as options are developed, and once savings options have been agreed, that agencies will undertake the necessary consultation processes and work through any employment law implications ahead of submission.

### ***Additional guidelines***

Agencies may also wish to consider the following guidelines, similar to the previous 1% or 2% eligible baseline savings agreed in August 2023:

- Savings should be sought from operating expenses, rather than capital expenditure;
  - Any operating related to capital projects put forward for savings may be counted towards an agency’s baseline reduction target. However capital initiatives must be considered on their own merit, and not be proposed for savings to achieve operating savings.
- Savings are targeted and achievable;
- Savings do not have direct negative implications for other public services and any indirect implications have been discussed with the agency in question before the initiative is submitted (i.e., avoid reducing expenditure in one area that results in increased cost pressures in another);
- There is no definition of frontline (or of back-office) as this will depend on the functions and activities funded through the Vote. Agencies will need to engage with their Ministers to agree how savings options deliver on this intent. However, where savings could impact existing critical service delivery, this should be clearly stated and the impact quantified;

- Savings seek to avoid creating long-term service delivery or programme integrity issues;
- Operating expenditure related to the servicing and maintenance of existing capital assets should be protected as much as possible. This is to give effect to Cabinet’s priority to make better use of existing assets to maintain ongoing levels of service and adhere to asset management responsibilities under Cabinet circular CO (23) 9; and
- Savings options should account for and clearly show any closure costs such as redundancy payments.

### ***Tagged contingencies***

Tagged contingencies cannot be put forward as savings for the baseline reduction, but may be considered for the targeted policy savings if they meet the required thresholds or for further reprioritisation/savings options above the baseline reduction.

### ***Climate Emergency Response Fund (CERF)***

Initiatives funded through the Climate Emergency Response Fund (CERF) can be submitted for savings and should be clearly identified in CFISnet. If a savings option is partially from the CERF, please contact your Vote Analyst for guidance as two separate initiatives in CFISnet will likely be required – one for the CERF portion and one for the non-CERF portion.

### ***Savings identified in coalition agreements***

Savings identified in coalition agreements also cannot be used to contribute meet agencies’ baseline reduction targets.

## **Targeted Policy Savings (Only Select Agencies)**

Some agencies have been invited to put forward targeted policy savings or revenue options over and above their baseline reduction target. These options should be at least \$100 million, over the forecast period for each option.

It is for agencies and portfolio Ministers to identify the most appropriate options, though the Budget 2024 invitation letter from the Minister of Finance may invite specific proposals for consideration. Your Vote team may also have additional suggestions for your consideration.

Saving options that do not meet the requirements of the baseline reductions savings target (for example, tagged contingencies and time limited funding) can be submitted for targeted policy savings if they meet the required threshold.

As for baseline savings, revenue options can be included on the same basis as above.

Annex 2 (savings template) should be completed for each targeted policy savings proposal, and returned as part of the overall Budget 2024 submission.

## **Revenue Options**

Agencies may submit revenue initiatives to meet their required savings (baseline or targeted) if the revenue proposal is well developed and will be realised by the 2024/2025 financial

year. Agencies should consider carefully the impact any revenue measures could have on cost of living pressures.

We encourage agencies to also think about longer-term revenue options which can be included in their Savings and Performance Plans (which will be commissioned following Budget 2024 decisions in April 2024).

# Capital investments in Budget 2024

## Invited New Investments (Government Policy Commitments)

Through the Budget 2024 strategy, Cabinet agreed to invite in a small number of capital investments related to Government policy commitments for consideration through Budget 2024.

Only invited new spending initiatives must be submitted. For each new investment invited into Budget 2024, agencies should:

- Complete Annex 4: New Spending template, and
- Submit the latest business case (if there is one available).

These information requirements apply for all agencies (capital intensive and non-capital intensive).

Please note that new significant capital initiatives invited into Budget 2024 for new funding are not part of the capital pipeline review, and therefore are not subject to the below information requirements.

## Capital Pipeline Review

### Overview

As part of the Budget 2024 strategy, Cabinet also agreed to undertake a review of the capital investment pipeline to better match market, agency and fiscal capacity, align to Government priorities, and focus on value for money. The capital investment pipeline is comprised of all investments within scope of Cabinet Office circular CO (23) 9, which includes operating-heavy investments such as managed services.

Cabinet is prioritising the following investments in the review:

- Investments that make better use of existing assets, including capital maintenance, and investments to maintain ongoing levels of service;
- Investments that improve the resilience of assets to meet required levels of service; and
- Investments that will support growing industry and market capacity.

**Invitations for the capital pipeline review have not yet been issued. Departments will be informed if their capital programmes or individual investments are included within the review in January and whether they are considered a capital intensive or non-capital intensive agency.** This guidance sets out the process agencies will need to follow to submit their capital pipeline review component of Budget 2024 IBE returns on 1pm Friday 16 February. It is up to agencies' discretion for how they prepare ahead of the capital pipeline review invitations being issued in January. We will provide further updates on the invitations as soon as possible.

In Budget 2024, agencies are asked to propose options for their capital programmes and individual investments (together referred to as capital initiatives) within scope of the review. Agencies should identify savings from stopping or rescoping options that can cover any cost

escalations across their investment portfolio, and ideally would also go some way to reducing the pressure the investment has on market capacity.

Please note that an investment’s inclusion in the review does not imply a predetermined outcome (e.g., stop the investment). Agencies have the opportunity to set out the merits of an investment and its alignment to Cabinet priorities through their Budget 2024 submissions for the capital pipeline review.

**Information requirements**

The below table sets out the information requirements for capital initiatives invited into the pipeline review:

Pipeline Component	Template
<b>Cost escalation (must be offset by savings from elsewhere in the capital programme)</b>	Annex 3: Budget 2024 Cost Pressures Template
<b>Rephasing, rescoping, scaling, deferring an investment</b>	Annex 2: Budget 2024 Savings Template
<b>Pipeline review summary</b>	Annex 5: Proposed capital pipeline Upload onto CFISnet using Document sharing

**Agencies must present a fiscally neutral capital pipeline (for both operating and capital expenditure associated with the investments), such that any cost escalations associated with individual investments within the programme are offset by savings from other investments within the programme.** The pipeline only needs to include the investments invited to the review or those volunteered as alternative saving options – the pipeline does not include any invited new spending investments (as these have not received funding).

Cabinet has not invited any capital cost escalations for consideration through Budget 2024, and there is no guarantee of additional funding for cost escalations put forward. Capital cost escalations can be captured through Annex 3: Budget 2024 Cost Pressure template to provide Budget Ministers with oversight of reprioritisation opportunities in the capital investment pipeline.

Annex 5 follows a similar format to the Treasury’s quarterly investment reporting (QIR) process, of which the December 2023 end quarter returns process is running in parallel to Budget 2024.

The key difference between them is:

QIR Process	Annex 5 – Budget 2024
Your submission to the QIR process captures the current state of the investment pipeline for the December 2023 quarter.	Your Annex 5 submission is your proposed capital pipeline for Budget Ministers’ consideration as part of Budget 2024, that meets Cabinet’s prioritisation objectives and addresses any cost escalations.

Agencies are responsible for ensuring that their submission to both the QIR and Annex 5 for Budget 2024 are able to be reconciled, and that the data submitted in both is full and complete. A copy of the department's September 2023 quarterly investment reporting return has been provided to each agency to help with the reconciliation.

### **Capital intensive agencies vs. non-capital intensive agencies**

Non-capital intensive agencies are required to provide an initiative template for every initiative invited into the capital pipeline review.

Capital intensive agencies are required to provide an initiative template only where they are proposing a change to an investment (i.e., where there is a proposed saving or cost escalation associated with the investment). However, where capital intensive agencies choose not to provide a template because they are not proposing a change to the investment, the Treasury may seek further information following submissions if required.

The Annex 5 submission should include every investment invited into the review, even where no change is proposed.

Please see page 22 for a diagram setting out the process.

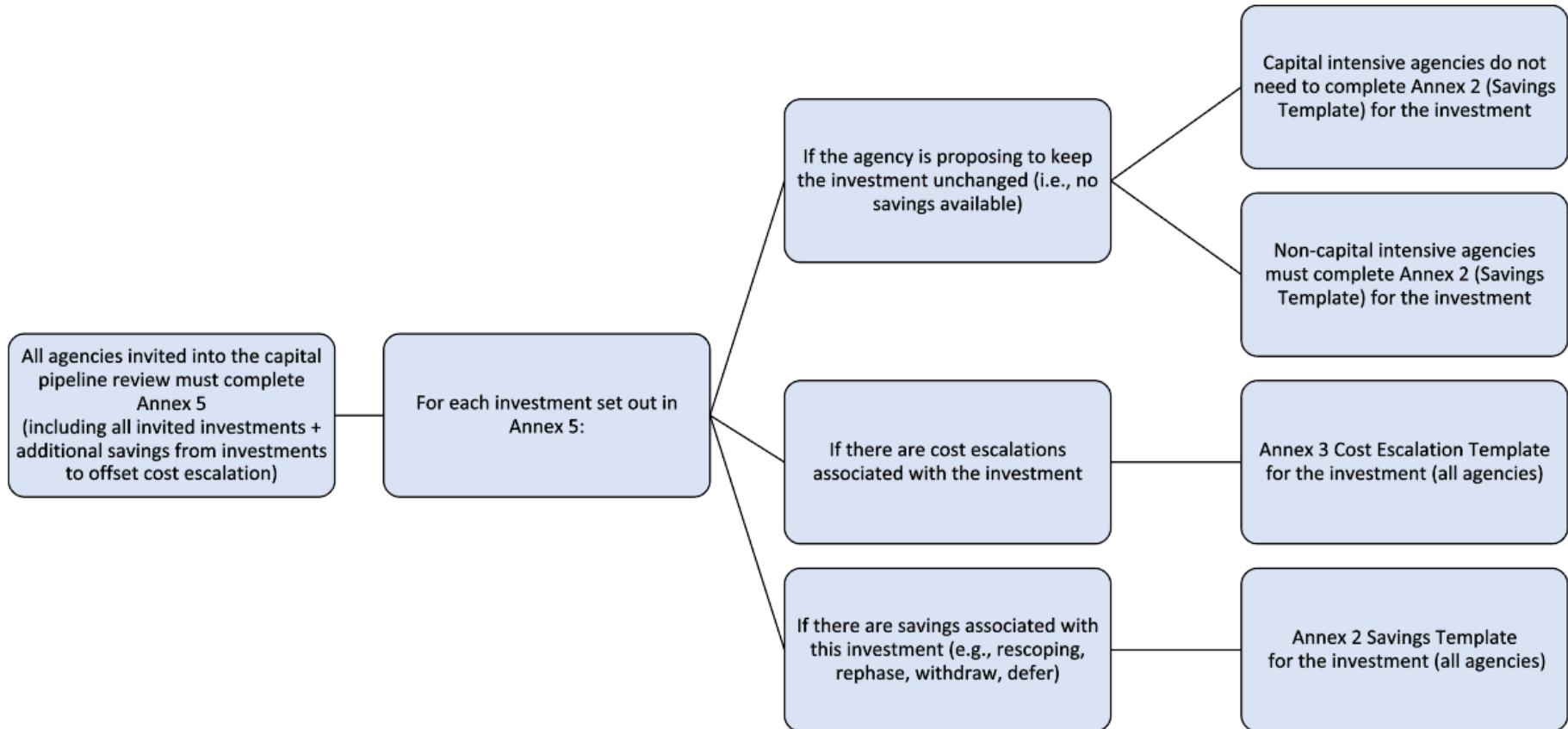
### **Supplementary documents (required for capital intensive and non-capital intensive agencies)**

Agencies must also submit a **strategic assessment** for each project or investment that is being proposed to be withdrawn, rescope or rephased. The updated strategic assessment template is available on the Treasury website [here](#). This sets out Treasury expectations on what a strategic assessment should cover.

If agencies have already completed a strategic assessment as part of business case development, agencies do not need to complete the new template, but they should ensure the assessment includes the appropriate information. If an initiative does not yet have a strategic assessment, agencies should complete the template available on the Treasury website.

Agencies should submit the **latest business case** for each project or investment which the agency is proposing to withdraw, rescope or rephase, as well as for any new spending capital investments.

## Capital Pipeline Review Guide





# Detailed Information Requirements by Template

Each template has different purposes and information requirements. Agencies should give particular attention to this section of the guidance and follow the prompts provided in the relevant template.

The Budget 2024 templates supersede the Baseline Savings Templates and Guidance issued in October, and we appreciate that agencies would have already been working up savings plans to meet the 1-2% baseline savings agreed in August 2023 and managing within baselines. However, the Budget 2024 templates are intended to collect more information than was previously requested to be consistent with the higher quantum of savings being sought. They are intended to be a standardised way of collecting information necessary for advising Ministers and informing Budget decisions, and we anticipate that agencies will be able to draw on that work to complete the Budget 2024 Initial Baselines Exercise.

Please get in touch with your Vote team if you have any questions about the templates, guidance, or the invitation letter.

## Summary Template (Annex 1)

The Annex 1: Budget 2024 Initial Baseline Exercise Summary template provides agencies with the opportunity to contextualise strategic priorities within their Vote(s), highlighting opportunities, risks and trade-offs across their work programme and operations. This template is a place to set out:

- Alignment of existing expenditure with Government priorities, and how this has informed savings and spending proposals submitted;
- Strategic approach and considerations for how the agency is planning to manage within reduced baselines (including which areas to prioritise for savings and which to protect); and
- Risks associated with savings proposals and managing within reduced baselines, including unfunded and uninvited cost pressures.

Agencies should complete one summary template for all the Votes they administer, covering all expenditure in those Votes (including Crown entities and other non-departmental expenditure). The template should be completed on the assumption that the total quantum of savings options put forward are taken back to the centre.

### **Section 1: Overview**

This section requires agencies to summarise all Budget initiatives (spending and savings) across their Vote(s). Agencies should complete the summary table with the totals amounts submitted across each category:

Total amount for baseline reduction target	The total amount of savings submitted to meet the baseline reduction target.
If required: total amount of targeted policy savings	Some agencies have been invited to put forward targeted policy savings or revenue options over and above their baseline reduction target
Total amount of revenue options	Total amount of savings submitted to meet the baseline reduction target or for targeted policy savings
Total savings/revenue proposed	Sum of: <ul style="list-style-type: none"> <li>• Total amount of baseline savings</li> <li>• Total amount of targeted policy savings</li> <li>• Total amount of revenue options</li> </ul>
Cost pressure funding sought	Total amount sought across all invited cost pressures (excluding cost escalations associated with capital initiatives)
New spending sought	Total amount sought across all invited new spending initiatives
Total new funding sought	Sum of: <ul style="list-style-type: none"> <li>• Cost pressure funding sought</li> <li>• New spending sought</li> </ul>
Net impact of all Budget 2024 proposals	Sum of: <ul style="list-style-type: none"> <li>• Total savings/revenue proposed (negatives)</li> <li>• Total new funding sought (positives)</li> </ul>

Savings and revenue options should be entered as negatives, and new funding should be entered as positives.

### **Section 2: Alignment with Government priorities**

This section should cover a high-level plan for how the Government priorities for the sector, Vote, or agencies will be achieved through Budget 2024 proposals. It is also a place for the agencies to set out the context for the Vote and sector and provide a ranking of their savings and spending proposals that they would like the Treasury and Budget Ministers to be aware of.

### **Section 3: Planning for managing within baselines**

This section is a place to outline how an agency is planning to manage within smaller baselines post the Budget 2024 IBE. It should include a summary of key cost pressures and capital cost escalations that may limit agencies' abilities to manage within baselines, key risks associated with savings proposals and unfunded/uninvited cost pressures, and how these risks might be mitigated.

Agencies do not need to submit initiative templates for internal reprioritisation they are undertaking to manage within reduced baselines (unless otherwise specified), but should

explain what steps they are taking to mitigate any service delivery risks and manage cost pressures within baselines.

## Initiative Templates (Annexes 2, 3, and 4)

This section pertains to initiative templates (Annexes 2, 3, and 4) – this is general guidance across savings and spending initiatives for different sections of the templates.

In Budget 2024, the Treasury will be looking closely at the relative value for money of initiatives, and assessing them using the following framework:

- **Alignment** – demonstration of the initiative’s strategic fit with the Government’s priorities and with Budget 2024 priorities (see below).
- Weighing of **benefits** and **costs** – problem definition, and demonstration of how the initiative delivers the best value (including consideration of non-fiscal benefits and costs).
- **Delivery** – assurance of effective and efficient delivery and demonstration of robust governance, monitoring, evaluation and reporting arrangements.
- **Equity** – distribution of benefits and costs, and their impact over time.

Transparency about judgments and assumptions made are required to assess each of these components individually and collectively. The following sections provide an overview of the value for money requirements captured in each initiative-level template.

Please also note that in the templates, questions that overlap with CFISnet fields have been shaded purple.

### Section 1: Overview

The purpose of this section is to capture a high-level overview of the initiative being submitted so that the key information is presented upfront. Agencies should follow the prompts that have been provided in the template.

Titles and descriptions must be consistent with the style guide included in Annex A of this guidance. It is important for these to be clear, concise, and informative to the extent possible to convey the purpose and key points of the initiative.

### Section 2: Alignment

The purpose of this section is to demonstrate the savings or spending initiative’s strategic fit with the Government’s priorities (as set out in the Speech from the Throne) and the Budget 2024 priorities.

#### The Budget 2024 Priorities:

Priority	Explanation
Addressing the rising cost of living	deliver meaningful tax relief to working New Zealanders through changes to the tax system and cancellations of existing and planned taxes.

<b>Delivering effective and fiscally sustainable public services</b>	introduce measures to improve value for money by focusing on results (in particular, in the areas of health, education, and law and order), and responsibly manage public finances.
<b>Building for growth and enabling private enterprise</b>	deliver more housing, infrastructure and renewable energy through carefully prioritised investment, regulatory change that creates the conditions for investment, and developing a long-term pipeline of investments. Also improve regulatory settings to encourage skills growth, innovation, and competition, and to attract investment and boost exports.

### **Section 3: Benefits and costs**

#### *Benefits and Costs by Initiative type*

##### Annex 2: Savings template

The primary benefit of savings is fiscal. Therefore, the primary purpose of this section for savings is to highlight any risks or unintended consequences (e.g. legal or contractual risks, service delivery risks, revenue risks), and demonstrate how the preferred savings option best mitigates those risks.

For savings from programmes delivered across multiple agencies, agencies should identify all the risks or unintended consequences they are aware of, even if they have incomplete information.

Agencies must also ensure they consider whether savings could generate fiscal risks. Risks could include fiscal implications arising from the stopping of planned work or may also arise through loss of revenue. Agencies should consider revenue implications even when they are not the revenue collectors.

Agencies can include any other benefits they consider significant or relevant.

When identifying expense categories for the recommended savings, please clearly split out departmental and non-departmental expenses.

Please follow the prompts in the savings template.

##### Annexes 3 and 4: Cost Pressures and New Spending templates

The purpose of this section is to demonstrate how the initiative delivers the best value. Demonstrating value requires identifying the most efficient use of funding to achieve the maximum outcome of the initiative to help determine whether the expected costs are justified by the expected benefits.

Agencies must show the affordability of the initiative and provide a strong case on how their initiative demonstrates strong value, including the current state, why it is the best option to solve some problem, and why funding is needed through Budget 2024. **A CBAX analysis is not mandatory**, however where impacts **are** being monetised, the CBAX tool must be used (unless otherwise agreed with the Treasury). The CBAX tool and guidance can support information on the monetary and non-monetary costs and benefits of the initiative, and also allows for sensitivity analysis to support the initiative's preferred option/outcome.

Agencies must clearly set out scaling options, and highlight in section 3C considerations, options and risks relating to deferring or scaling the initiative, **including for time-limited funding**. They must also ensure they consider whether new spending or cost pressure initiatives could generate fiscal risks.

Agencies invited to submit new spending initiatives should also consider what new appropriations are needed – remembering these should be kept to a minimum and only created when absolutely necessary.

### *Wage and workforce assumptions*

Assumptions should be clearly stated and based on reasonable evidence or forecasts.

Inflationary adjustments should only be applied to year 1 (2023/24), and then flatlined rather than compounded annually, unless a different approach has been discussed and agreed with your Vote Analyst before submission. For example, a 2% inflation cost pressure for a \$50m quantum of baseline funding would be input as follows:

	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Correct</b>	-	1.000	1.000	1.000	1.000
<b>Incorrect</b>	-	1.000	1.020	1.040	1.061

As a general rule, the Treasury recommends agencies are guided by following inflation assumption from [Table 1.1 of PREFU 2023](#):

General inflation (general CPI forecast for 2024/25)	2.5% per annum
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However, if a different inflation assumption is more appropriate for your cost pressure, you can use this in discussion with your Vote Analyst. Note that inflationary pressures are not a proxy for wage increases.

Some examples of key evidence and forecasts are below:

- [Table 1.1 of PREFU 2023](#)
- Labour cost index (June 2023 quarter): [Labour market statistics: June 2023 quarter | Stats NZ](#)
- Business price indices (June 2023 quarter, includes Capital Goods Price Index, Producers Price Index): [Business price indexes: June 2023 quarter | Stats NZ](#)
- Market rent evidence: [Market rent » Tenancy Services](#)
- RBNZ Economic Indicators: [Economic indicators - Reserve Bank of New Zealand - Te Pūtea Matua \(rbnz.govt.nz\)](#)
- RBNZ August 2023 Monetary Policy Statement: [Monetary Policy Statement Aug 2023 \(rbnz.govt.nz\)](#)
- Public Sector Workforce Data (Wages): [Workforce Data – Wage trends – Te Kawa Mataaho Public Service Commission](#)

- Public Service Workforce Data (Occupation): [Workforce Data – Occupation – Te Kawa Mataaho Public Service Commission](#)

*Assumptions for costings – wages and workforce*

To moderate for wage/employment bargaining pressures across the Budget 2024 package, initiatives must state wage pressure assumptions and list adjustments as separate line items in section 3B of the cost pressure template. In all cases agencies must consider the prevailing Government expectations for public sector workforce cost management and any specific guidance for employment relations when forming assumptions around wage growth.

Agencies should specify their wage increase assumptions in the template. Current Government expectations require decisions on employment relations to be made from within baselines. While existing commitments, inflationary adjustments (refer below), and negotiated changes can result in wage increases for staff it is the strong expectation that any such increases should, except in exceptional and evidence-based circumstances, be funded from within baselines. These increases include, but are not limited to:

- Any increases that could be provided through remuneration rounds, or employment agreement bargaining;
- Operation of existing progression systems for remuneration;
- Salary adjustments to close unjustifiable wage gaps; and
- Wage cost changes as a result of changes to workforce composition or redesign.

Agencies will need to discuss with both 1) their Vote Analyst, and 2) the Employment Relations team at the Public Service Commission, any cost pressure initiative relating to increasing workforce costs or collective bargaining prior to an initiative being formally submitted.

Further updated guidance and assumptions may be issued as collective bargaining negotiations or remuneration policy development progress and updated forecasts are released. Any updates will be provided through your Vote Analyst. A detailed cost breakdown will enable quick turn-around costings with different assumptions if they change over the initiative development, assessment, and package development phases of Budget.

Agencies should also discuss any upcoming wage negotiations, remuneration policies or intentions to redesign remuneration systems (or other significant change to employment conditions) with the Public Service Commission and their Vote team.

The [Government Workforce Policy Statement](#) on employment relations in the public sector is still in effect. Agencies specified in the Statement must either give effect, or have regard, to these expectations.

In applying the guidance, consideration can be given to the current inflation environment, but agencies must also consider the requirements of Priority 4 of the Government Workforce Policy Statement which, among other things, states that in order to achieve employment relations priorities within the fiscal context of the Government, agencies should have strategic workforce planning that supports implementation of the priorities within known baselines, including management of cost pressures.

Agencies should be cognisant of any changes to the expectations that may occur while initiatives are being considered, particularly if they may come into effect before remuneration

decisions, including those made through collective bargaining, are made.

Completing FTE headcount and expense categories

As is Budget 2023, agencies will be asked to provide a detailed breakdown of the projected workforce impacts of Budget 2024 initiatives (including savings initiatives), found in section 3B of each template. When calculating projected workforce impacts, use the following definitions:

Question	Guidance
Total # of net FTEs (employees and contractors/consultants)	Cumulative net change in combined headcount of <b>employees and/or contractors/consultants</b> by financial year, based on proportion of full-time hours per year.
Net FTE funding	Cumulative net change in expenditure on <b>employees</b> by financial year. <b>Do not include expenditure on contractors or consultants.</b>
Net contractor funding	Cumulative net change in expenditure on <b>contractors and consultants</b> by financial year. Use <a href="#">PSC’s definition of contractors and consultants</a> .
Net FTE/contractor overhead funding	Cumulative net change in expenditure on overhead costs by financial year, for both <b>employees and contractors/consultants</b> . Overheads should not include funding for other FTEs such as corporate staff, and should be limited to direct expenses such as office rent and equipment.

FTE Headcount and Expenditure breakdown

FTE headcount and expenditure should be entered on a cumulative basis (i.e., total FTE in a year), not on an annual basis. For example, if for a new spending initiative there are 5 permanent FTE hired in 2024/25 at \$100,000 per FTE and an additional 2 hired in 2025/26 at \$100,000 per FTE on a permanent basis, the total number of net FTEs is:

		2023/24	2024/25	2025/26	2026/27	2027/28
Total # of net FTEs (employees and contractors/consultants)	<b>Correct</b>	-	5	7	7	7
	<b>Incorrect</b>	-	5	2	2	2
Net FTE funding	<b>Correct</b>	-	\$500,000	\$700,000	\$700,000	\$700,000
	<b>Incorrect</b>	-	\$500,000	\$200,000	\$200,000	\$200,000

FTE occupational breakdown

Agencies need to ensure changes in FTEs proposed through Budget 2024:

- Support a reorientation of effort towards service delivery;

- Are affordable, consistent with any reductions in baselines; and
- Are clearly articulated, with both the timing (approximately when will FTE come online, or finish) and nature of the work (policy, social worker, ITS, etc) stated.

Initiatives should account for a government preference to reduce operating spending on contractors and consultants. Agencies should follow the [PSC definition of contractor and consultant spend](#).

Agencies will need to consider the workforce impact of each initiative. This includes, but is not limited to:

- The occupations of any new staff required, or roles which might be affected by stopping particular work;
- The effect of changing workforce size on corporate and support functions, such as managers, HR, and finance;
- The effect of delivering services more efficiently, or in different ways, on the number of staff required to maintain service delivery; and
- When the initiative will need to be resourced across the period, including peaks and troughs in resource demand.

Agencies should report against the PSC workforce occupation groups. This is **consistent with the PSC Quarterly Workforce Survey**. Technical guidance on workforce data is available [here](#), which includes an Excel workbook that shows how detailed occupations fit in the PSC Workforce Occupation Groups. Agency's occupational data as at 30 June 2023 is also available [here](#).

Please contact [pscdata@publicservice.govt.nz](mailto:pscdata@publicservice.govt.nz) for further advice.

### *Climate Impacts*

The purpose of this section is to capture how initiatives will impact New Zealand's ability to mitigate and adapt to climate change. The Treasury is required to produce a CIPA for the Budget Cabinet paper that captures the aggregate emissions impact of Budget initiatives. Therefore, initiatives are expected to consider climate implications (both positive and negative), not only ones directly linked to climate objectives.

At a minimum, agencies must describe and, where possible, provide quantification of the expected greenhouse gas emissions impacts (direct and indirect) of an initiative (if any), including for scaled options and if there are not any emissions impacts. If the initiative supports an action in the first Emissions Reduction Plan, this should also be identified.

Where applicable, for emissions quantification, agencies are asked to attach a Climate Implications of Policy Assessment (CIPA) with their submission ([link](#)).

Where an initiative is seeking funding for investments, agencies must describe the initiative's or investment's anticipated vulnerability and exposure (now or in the future) to any relevant climate hazards and, where there is significant risk, any measures taken to reduce potential impacts (or indicate where there is no such vulnerability or exposure).

Agencies should also identify whether the objective of the initiative is to improve New Zealanders' abilities to mitigate or adapt to the physical effects of climate change. This could



include identifying if the initiative is related to an action in the first National Adaptation Plan or how an investment aligns with the resilience requirements laid out in CO (23) 9.

#### **Section 4: Delivery**

Each initiative template provides details on answering the delivery elements of the initiative. Agencies should follow the prompts in the relevant initiative template.

##### Annex 2: Savings template

The purpose of this section is to demonstrate how the savings could be achieved, including any practical steps required (e.g., Cabinet decision, legislative change). Agencies should also set out transition costs associated with the initiative, and if FTE changes significantly affect particular occupation groups.

##### Annexes 3 and 4: Cost Pressures and New Spending templates

In this section, agencies need to show that their initiative can be practically delivered. This means that all staffing, suppliers, inputs, and dependencies have been considered so that the initiative can be delivered without delay if successfully funded. Agencies are expected to demonstrate that they understand the sourcing strategy for their initiative (including any current constraints on the supply side) and which procurement route or hiring strategy delivers the best value for money. Agencies should also consider whether there are alternative funding and finance arrangements that could enable the initiative to be delivered.

This section also asks agencies to set out the governance, monitoring, evaluation, and reporting arrangements to ensure successful delivery and then demonstration of that success. You may wish to refer to the following documents:

- [Implementation Unit guidance on planning and implementing complex programmes](#)
- [Policy Project guidance on making sense of evaluations](#)
- [Social Wellbeing Agency guidance on getting ready to do evaluations](#)

Finally, this section explicitly asks how the initiative will be reflected in the Information Supporting the Estimates if funded. Not every initiative will need to be reflected in changes to existing performance information or new performance information (under “how performance will be assessed”). Agencies will need to determine if the initiative is significant in terms of public and parliamentary interest, Government priority, size and/or importance to achieving particular objectives. If an initiative is significant enough to be reflected in the Information Supporting the Estimates, this could mean changes to existing performance information (e.g., an increase in the expected amount of a service delivered) and/or a new set of performance information. A usual way to approach this question is to think about how the department will report on the initiative in future Annual Reports.

#### **Section 5: Equity**

In this section, agencies should consider the distribution of benefits and costs of their initiatives (both savings and spending), and their impact over time.

##### *Distributional Impacts*

Agencies should consider how any initiative (for savings or spending) differently or disproportionately impacts different types of New Zealanders. This may include differential

ethnic, gender, income/wealth distribution and/or spatial impacts. Agencies should distinguish between direct and indirect impacts, and whether these are intended impacts (e.g., from a more targeted policy or an unintended consequence).

Where possible the degree of impact and any accompanying data should be captured, and ways that any negative impacts could be mitigated.

### ***Section 6: Information required for capital initiatives***

#### ***Annex 4: New Spending template***

This section is only required for new capital investments (associated with Government policy commitments) invited into Budget 2024. Agencies should submit the latest business case associated with these investments where possible.

#### ***Annexes 2 and 3: Savings and Cost Pressures templates***

This section is only required for capital initiatives invited into the capital pipeline review. It is intended to capture smaller projects within individual investment programmes reported at the initiative level (if applicable), such as the National Education Growth Programme.

# Annex A: Titles and Descriptions

Agencies should follow this style guide to ensure consistent formatting and presentation across all initiatives in the Budget 2024 package, including savings initiatives. Vote Analysts will request agencies amend any titles or descriptions that do not align with the style guide.

The purpose and use of titles and descriptions change throughout the Budget process. There are three distinct stages where agencies and Ministers will have opportunities to update titles and descriptions to both reflect these different purposes and incorporate any changes required.

Initiative titles and descriptions must be of sufficient quality to be presented to Ministers without edits or amendments. Note that, at all stages, Treasury uses the versions provided in CFISnet to produce materials provided to Budget Ministers. The titles and descriptions entered in CFISnet must therefore exactly match those provided in the initiative template.

## Titles and Descriptions Process

### *Stage 1: Initiative Submission*

- Initiatives Module titles and descriptions provide Treasury with information about the initiative for assessment purposes, and provide the Minister of Finance and Budget Ministers with information to make decisions about the inclusion of the initiative in the Budget 2024 final package.

### *Stage 2: Financial Recommendations*

- Recommendations Module titles and descriptions outline the substance of the policy to which Cabinet is agreeing.
- Agencies will have opportunities through the financial recommendations process to update these titles and descriptions from the Initiatives Module, including incorporating any changes to an initiative's scope made by Budget Ministers.

### *Stage 3: Publication*

- Summary of Initiatives Module titles and descriptions provide a clear, jargon-free and easily understandable outline of the initiative which has been agreed to by Cabinet for the purpose of publication. These must be accessible to the general public for inclusion in documents published on Budget Day.
- Agencies will have opportunities through the publication process to update titles and descriptions from the Recommendations Module. Any commercially-sensitive or information otherwise not suitable for publication must be removed at this stage.

## General style guide

- There are strict character limits for titles and descriptions. Any characters beyond these limits will not be captured in CFISnet. Please confirm following your CFISnet submission that the content exactly matches the initiative template.
  - **120 characters for titles**
  - **800 characters for descriptions.**
- **Use plain language** suitable for a general audience, avoiding uncommon vocabulary and jargon. Ministers and the public should be able to easily understand what is being purchased with the funding.

- Macrons should be used where applicable for te reo Māori words. Letters with macrons can be entered in CFISnet without issue.
- **Uncommon acronyms should be written out in full.** Commonly used acronyms understood by the general public (e.g., GST) are acceptable, but public sector specific abbreviations (e.g., MBIE, DHB, TEC) are not.
- Avoid using font differences, spacing and bullet-point lists for formatting as these may not be preserved when Treasury extracts information from CFISnet.

## **Titles**

- **Titles should have meaningful first words/beginnings.** Initiatives are listed alphabetically, and it is important that the first word in the title distinguishes it from other initiatives. Titles should not start with generic words such as “*increasing*”, “*additional*”, and “*establishing*”.
- **Titles must make clear reference to the policy or programme,** and the output or outcome intended. Where used, titles should include a long dash (–), not a hyphen, colon or semicolon. For example:
  - Healthy Home Standards – Ensuring Compliance
  - Learning Support – Maintaining Ministry Support Staff
  - Health Infrastructure – Accelerating Work Programme
  - Ministry for Environment Accommodation Cost Pressure
- **A common stem should be used to indicative related initiatives** (be that a set of new initiatives or initiatives that relate to an existing strategy or work programme). For example:
  - Future of Rail – Core Asset Management
  - Future of Rail – Rail Network Investment Programme
  - Resource Management Reform – Implementation Support

## **Descriptions**

- **Descriptions must begin with the stem statement** “This initiative...”.
- **Descriptions should outline the outputs being purchased and the expected outcomes.** For example, “*This initiative provides funding to establish a local wagon assembly plant at Hillside, Dunedin to increase employment and youth opportunities and rebuild industry capability.*”
- **Descriptions should provide contextual information, where relevant.** For example, “*This funding contributes to an existing programme that currently receives \$x million per annum.*”

## **Specific Guidance for Savings Initiatives**

- Savings initiatives must follow the same guidelines as above, with suggested approaches below.
- **Titles must make clear reference to the policy or programme,** and the output or outcome intended. For example:
  - Tourism Support Fund – Discontinuing Programme

- Managed Employment Services – Return of Underspend
- Estate Regeneration – Return of Tagged Contingency
- **Descriptions must begin with the stem statement “This initiative...”.**

# Annex B: Information Security

Departments providing advice to the Government in the interests of the New Zealand economy have the responsibility to ensure that information passing through their hands is actively managed in line with the sensitivity of the content, and complies with both the Protective Security Requirements (PSR) and the New Zealand Information Security Manual (NZISM). Improper exposure of Budget information impacts on the Government of the day, the political process, and departments.

It is the responsibility of agencies to ensure that they have designed sufficient processes to manage the handling of BUDGET-SENSITIVE information.

## Correctly classifying Budget information

Most Budget information should be IN-CONFIDENCE or BUDGET-SENSITIVE. It is important to avoid overclassifying information as classifications can become devalued or ignored if everything is overclassified.

For instance, some information relating to Budget may be more appropriately classified as IN-CONFIDENCE rather than BUDGET-SENSITIVE, such as information on individual initiatives that do not make reference to the overall Budget package, strategy and priorities, and is not otherwise sensitive.

A high-level overview of the difference between the IN-CONFIDENCE and BUDGET-SENSITIVE classifications is provided in the table below.

IN-CONFIDENCE	BUDGET-SENSITIVE
<p>IN-CONFIDENCE classification should be used when the compromise of information is likely to:</p> <ul style="list-style-type: none"> <li>• prejudice the maintenance of law and order;</li> <li>• impede the effective conduct of government; and</li> <li>• adversely affect the privacy of New Zealand citizens.</li> </ul>	<p>The SENSITIVE security classification should be used when the compromise of information is likely to damage New Zealand’s interests or endanger the safety of its citizens. For instance, where compromise could:</p> <ul style="list-style-type: none"> <li>• endanger the safety of any person;</li> <li>• seriously damage the economy of New Zealand by prematurely disclosing decisions to change or continue government economic or financial policies; and</li> <li>• impede government negotiations (including commercial and industrial negotiations).</li> </ul>

More information can be found in the following resources:

- [Security classifications for policy and privacy information | Protective Security Requirements.](#)
- [PSR-Classification QuickGuides.pdf \(protectivesecurity.govt.nz\).](#)